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# Welfare Reform: Reauthorization Issues and Potential Impacts

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# About The Finance Project

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**The Finance Project's** mission is to support decision-making that produces and sustains good results for children, families and communities. The Finance Project develops and disseminates information, knowledge, tools and technical assistance for improved policies, programs and financing strategies.

**Welfare Information Network (WIN):** A project of The Finance Project, WIN is a clearinghouse for information, policy analysis and technical assistance related to welfare, workforce development, and other human and community services programs.

# Welfare Reform: Reauthorization Issues and Potential Impacts

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1. Background on welfare reform and resulting outcomes
2. Current status of TANF reauthorization proposals
3. Major issues in the reauthorization debate
4. Potential impacts of policy changes and additional considerations

# Welfare Reform: Background

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- The 1996 welfare reform law:
  - Replaced AFDC with TANF block grants
  - Ended the entitlement to cash assistance
  - Mandated work requirements
  - Imposed sanctions
  - Created time limits for assistance
- States receive \$16.5 billion in block grants to design programs that meet the purposes of TANF

# Welfare Reform: TANF Purposes

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1. Provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives
2. End the dependence of needy parents on government benefits by promoting job preparation, work, and marriage
3. Prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies
4. Encourage the formation and maintenance of two-parent families

# Welfare Reform: Outcomes

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- Continued decline in caseloads: As of March 2003, 2.0 million families receiving TANF as of March 2003, down from 4.6 million families in 1996
  - Though nationally caseload continues to decline, caseloads are increasing in some states
- Extensive studies on the impact of welfare reform: RAND synthesis of welfare reform research evaluations available at [http://www.acf.dhhs.gov/programs/opre/welfare\\_reform/rand\\_report.pdf](http://www.acf.dhhs.gov/programs/opre/welfare_reform/rand_report.pdf)

# Welfare Reform: Outcomes

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- Employment and earnings have increased:  
Increase in employment and earnings for low-income families, due to both welfare reform and the strong economy during the '90s
- Inconclusive impact on marriage and fertility
- Mixed effects for children: Favorable outcomes seen with financial work incentives, but concern about findings of negative effects on adolescents

# Welfare Reform: Current Status of Reauthorization

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- Original authorization expired September 30, 2002
- Congress has passed a series of extensions – current extension is through March 31, 2004
  - House has passed a bill (HR 4)
  - Senate Finance Committee has approved a bill
  - No action yet in full Senate
- Disagreement over work requirements, child care funding, and marriage promotion



# Issues in Reauthorization: Work Requirements

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Lack of consensus on increasing work requirements and participation rates:

- How many hours of work should be required?
- How should education and training be counted?
- What exemptions should be made for parents of young children?
- What percentage of the caseload should be engaged in work activities?
- What should replace the caseload reduction credit?

# Issues in Reauthorization: Child Care

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Lack of consensus on necessary level of funding:

- Will states have fewer resources to invest in child care due to increased work requirements?
- How much additional child care will be needed if more TANF parents are working?

# Issues in Reauthorization: Marriage Promotion

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Lack of consensus around marriage promotion and family formation proposals:

- What activities constitute marriage promotion – should funds for marriage promotion be used for pregnancy prevention and responsible fatherhood programs?
- What is the appropriate role of government in promoting marriage?

# Potential Impacts of Reauthorization

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- TANF recipients may face increased work requirements
- States may revise program priorities to place more emphasis on policies to promote universal engagement and to meet participation rates and work requirements
- Additional funding for child care may be available
- “Superwaiver” provision could encompass public housing programs
- Dedicated funds available for marriage promotion programs

# Additional Considerations: State Fiscal Crisis

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States are cutting programs that provide support to low-income working families, including cash assistance, child care, and transportation programs

- Cuts have been made in more than 35 states\*
- Due both to budget shortfalls and to exhaustion of prior-year TANF balances
- State budget shortfalls continue and, even once economy improves, revenues could lag behind the economy for up to 18 months

# Additional Considerations: Other Legislative Proposals

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Many other programs that affect low-income families are due for reauthorization.

Administration proposals call for continued devolution to the states:

- Workforce consolidation
- Housing policies
- Head Start
- Child Welfare programs

# Welfare Information Network Reauthorization Resources

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- TANF Reauthorization Website:  
<http://www.financeprojectinfo.org/tanf>
- Bi-Weekly Reauthorization Listserv:  
<http://www.financeprojectinfo.org/email/>
- Contact:  
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